

**STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

Before the Commissioner of the Office of Financial and Insurance Regulation

Charles E. Austin, et al.

Petitioners,

OFIR Case No. 11-816-BC
MAHS Docket No. 2011-386

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Blue Cross Blue Shield of Michigan,

Respondent.

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**Issued and entered
this 12th day August of 2011
by R. Kevin Clinton
Commissioner**

**SUPPLEMENTAL ORDER REGARDING ELIMINATION OF MEDICARE
SUPPLEMENTAL INSURANCE SUBSIDY FOR OUT-OF-STATE SUBSCRIBERS**

On June 28, 2011, the Commissioner issued a Final Order Granting Rate Increase for Medicare Supplemental Subscribers (Order). As part of the Order, the Commissioner approved BCBSM's elimination of the Medicare supplemental insurance (Medigap) subsidy from the rates of Out-of-State Subscribers.

On July 1, 2011, in accordance with the Order, BCBSM sent notification to those Subscribers it believed to be Out-of-State Subscribers (Out-of-State Subscribers) of the potential elimination of the Medigap subsidy. Through that notification, BCBSM provided its Out-of-State subscribers with 30 days to verify Michigan residency, prior to elimination of the Medigap subsidy. Since July 1, 2011, the Office of Financial and Insurance Regulation (OFIR) Staff has received numerous complaints regarding BCBSM's process of verifying Michigan residency and the resultant elimination of the Medigap subsidy.

After consideration of BCBSM's residency verification process, the Commissioner has determined that 30 days is an insufficient period of time for the Out-of-State Subscribers to verify Michigan residency and that OFIR Staff must review and approve the elimination of the Medigap subsidy for all Out-of-State Subscribers.

THEREFORE, IT IS ORDERED that:

1. BCBSM shall provide all Out-of-State Subscribers with a total of 90 days to verify their Michigan residency.
2. By August 15, 2011, BCBSM shall send notification to all Out-of-State Subscribers of the extended time period for verification of Michigan residency.
3. OFIR Staff shall review and approve BCBSM's determinations regarding elimination of the Medigap subsidy for all Out-of-State Subscribers.
4. BCBSM shall provide a refund of any excess premiums paid by Subscribers who were wrongfully categorized as Out-of-State Subscribers.



R. Kevin Clinton
Commissioner,
Office of Financial and Insurance Regulation